



Defense Finance and Accounting Service

Annuitant Pay Newsletter

2005 At-a-Glance

Legislation Update

Congress approved legislation in 2005 that will eliminate the Social Security Offset reduction applied to the Survivor Benefit Plan (SBP) annuity over a three and a half year period beginning October 1, 2005. The change will be completely phased by April 2008. In October 2005, those affected annuitants whose annuity had been reduced to 35 percent saw their annuity increased to the 40 percent level. In April 2006, the minimum annuity will be increased to 45 percent and, in April 2007, to 50 percent. The offset will be completely eliminated in April 2008 when annuities will be increased to the full 55 percent level.

The Senate has begun work on its version of the National Defense Authorization Act. It currently contains a proposal that would eliminate the DIC offset from the SBP annuity.

The House version does not contain a similar provision, so it must be resolved in committee before the final legislation is passed. The final version may be different from the two current versions and will be reported in future Retired and Annuity Pay newsletters, available on the Web through myPay.

Cost of Living Adjustments for 2006

Based on the increase in the Consumer Price Index, there will be a cost of living increase for retired pay and for SBP annuities effective December 1, 2005.

Annuitants being paid on an account where the retiree first became a member of a Uniformed Service before Sept. 8, 1980 and retired prior to Jan 1, 2005 will receive a full COLA increase of 4.1 percent.

Annuitants being paid on an account where the retiree first became a member of a Uniformed Service before Sept. 8, 1980 and retired on or after Jan 1, 2005 will receive a partial COLA increase of 3.4 percent.

The COLA increase for annuitants being paid on an account where the retiree first became a member of a Uniformed Service on or after Sept. 8, 1980 will be as follows:

- 4.1% for those retiring before Jan 1, 2005
- 3.4% for those retiring in the 1st quarter, FY 2005
- 2.8% for those retiring in the 2nd quarter, FY 2005
- 1.4% for those retiring in the 3rd quarter, FY 2005
- 0 % for those retiring in the 4th quarter, FY 2005

The COLA increase will be reflected in the January 3, 2006 payment.

myPay Advantages

Annuitants can receive a 1099R and the Annuitant Account Statement (AAS) through myPay two to three weeks earlier than receiving it in the mail, allowing for faster filing. Go to (<https://mypay.dfas.mil>) to access your pay account or to learn more about the myPay system.

The Defense and Finance Accounting Service (DFAS) delivers personal pay information and provides the ability to process pay-related transactions quickly, safely and securely to all its members through myPay. The myPay Web-based system eliminates the risks associated with postal delivery and matches existing industry standards for the highest level of encryption and security. This prevents member information from being accessed by others on the Internet.

Updating Your Address Information

To ensure proper receipt of tax documents, Annuitant Account Statements and the latest SBP informational releases, it is important that you keep DFAS apprised of your current mailing address.

Address changes can be made by telephone (1-800-321-1080), e-mail (accessible at <http://www.dod.mil/dfas/> or via myPay at <https://mypay.dfas.mil>) or by mail to: Defense Finance and Accounting Service, U.S. Military Annuitant Pay, P.O. Box 7131, London, KY 40742-7131.

Useful Information

.....Certificates of Eligibility (COE) are sent out to every annuitant once each year and should be returned as soon as possible.

.....Reports of Existence (ROE) are primarily sent to annuitants who are incapacitated and/or living overseas.

....."working widows" must submit their Department of Defense (DD) Form 2860 prior to April each year to continue having their Social Security Offset adjusted.

.....after each college/university term, non-incapacitated child annuitants over the age of eighteen must certify their prior college/university term's attendance as well as their intent to attend the following term.

myPay provides annuitants with up-to-date information and future monthly newsletters covering pertinent changes by delivering notices to a user's e-mail address. By having each annuitant provide their e-mail address, DFAS will be able to directly deliver timely information on account changes or adjustments, future events, capabilities and pertinent news that any annuitant would want to know. An e-mail address can be submitted through "Personal Preference" page on the annuitant's myPay account.

Even those who do not have a personal computer can make required changes to their pay account by using the computer and Internet access of a family member, friend, public library, cyber cafe or at a kiosk located on military installations. Customer support is available by calling 1-800-390-2348 Monday through Friday between 7 a.m. and 7:30 p.m. (Eastern Time).

Retirees and annuitants who have forgotten or do not have a myPay PIN can request a new one at the myPay Web site (<https://mypay.dfas.mil>).

International Direct Deposit Expands for U.S. Annuitants Living Overseas

Retirees and annuitants living in the United Kingdom, Germany, France, Canada and Australia have already begun enjoying the convenience of the International Direct Deposit (IDD) program by having their pay sent directly to their bank accounts.

Beginning in February 2006, IDD enrollment packages will be sent to retirees and annuitants living in the following countries: Anguilla, Antigua and Barbuda, Austria, Bahamas, Barbados, Belgium, British Virgin Islands, Cayman Islands, Cyprus, Denmark, Dominican Republic, Finland, Greece, Grenada, Haiti, Hong Kong, Hungary, Ireland, Israel, Italy, Jamaica, Malta, Mexico, Netherlands, Netherlands Antilles, New Zealand, Norway, Panama, Poland, Portugal, South Africa, Spain, St. Kitts, St. Lucia, St. Vincent and Grenadines, Sweden, Switzerland, Trinidad & Tobago.

More information on IDD is available on the Web at <http://www.dod.mil/dfas/money/retired/IDD.htm>. Retirees and annuitants without Internet access are encouraged to call 00-1-216-522-5955 (international) to find out more from a Retired and Annuitant Pay Customer Service representative.

Automated Interactive Voice Response System

Military retirees and annuitants can now obtain specific account information through the Interactive Voice Response System (IVRS).

When customers call 1-800-321-1080 (or commercial at 216-522-5955), they will hear a new menu option to use this feature.

Customers choosing to use this new feature will be asked to enter their Social Security Number and personal Identification Number (PIN). To eliminate PIN confusion, customers can use the same PIN to access the IVRS that they use to access myPay.

Retirees and annuitants will be able to obtain specific account information in the following areas:

- Certificate of Eligibility or Report of Existence
- Deductions
- Gross and net pay
- Federal and state taxes
- Correspondence address
- Survivor Benefit Plan (SBP) coverage

This service will be available 24 hours a day, 7 days a week. DFAS encourages all retirees and annuitants to give the service a try. Retirees and annuitants who have forgotten or do not have a myPay PIN can request a new one at the myPay Web site (<https://mypay.dfas.mil>).

Contacting Annuitant Pay

When calling the Customer Service Center, customers should have a pencil and paper ready to write down information provided by the customer service representative. Customers should be prepared to provide their Social Security Number and spouse's Social Security Number.

Our business hours are 7:00 a.m. to 7:30 p.m. (Eastern Time) Monday through Friday. Mondays and paydays (first business day of the month) are typically the busiest days of the week and month. Annuitants may also e-mail questions by going to <https://ca.dtic.mil/dfas/s-retired/annuity1-pay.htm>.